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Column One
By
David Courtney

P.M. Leaves On American Tour

THE Labour Party crisis is not yet a government crisis. Mr. Churchill's effort to put the internal party dispute to his own uses, failed by the comfortable margin of 13 votes. The Bevan group's decision to have no part in embarrassing the Government in the House of Commons was a wise decision from the dissonant point of view and should improve their chances in the constituency. It should also help them in their relations with the Party Executive on the one hand and the T.U.C. on the other, both of which have been tempted to secede.

ONE effect of the Bevan-Wilson resignations has undoubtedly been to give sharp emphasis to the raw material shortages upon which Mr. Wilson, and to a lesser extent Mr. Bevan, himself based their complaints. It has not passed unnoticed that Bevan, Wilson and Freeman were all intimately concerned with the practical aspects of the rearmament programme and the supply problem; and no one has pretended that all three of them were merely wrong-headed and ambitious politicians. There is, in fact, good reason to assume that their arguments were built upon sound calculations, peculiarly available to them as a consequence of their official work.

BUT the United States has already come in a measure to Mr. Galtsoff's rescue. A few days after Mr. Bevan had announced his resignation, an American decision to allocate 95,000 tons of sulphur to Britain additional to the 19,000 tons earlier given, for the current quarter, was made known. On the same day, Mr. Acheson told a press conference that the United States would take full account of the essential needs of friendly countries in making scarce raw materials available. The sulphur allocation is still not enough to meet the requirements of normal trade and it is expected that there will still have to be a cut of 20 per cent in the rayon industry and of 25 per cent in fertilizer production. But the position might have been much worse.

AT the same time, there is still considerable anxiety about Britain's capacity to keep its normal industries going side by side with rearmament; and nothing has happened to lessen the gravity of a statement made by Mr. Morrison, that failure to overcome the raw materials shortage would mean further sacrifices for Britain and a much heavier budget next time. The Bevan-Wilson argument is that it will need a fundamental change in American policy to prevent those further sacrifices and that much harder budget; and there is a good deal of evidence to suggest that the constituencies are beginning to think they may be right.

THE position should become clearer as the year moves on towards an Autumn General Election. It is improbable that the Government will fall before then or that it will wish to go on much after that. The Bevan group may not have much difficulty in proving its case; but the proof is unlikely to be dramatic or sufficient to gain them a much bigger parliamentary support. That support will more easily come in the event of a Labour defeat at the polls and the freedom of Opposition, in which many who are now willing to take a chance with the Government's policy may tend to waver.

MR. Attlee's anxiety is therefore not the risk of a defeat in the House, but the risk that Mr. Acheson's pledge to take "full account of the essential needs of friendly countries" may not be honoured to the extent necessary to maintain both the rearmament drive and that degree of civilian supply and welfare which Labour has reached and which has been set as the mark of its superiority as a government over any possible alternative. The British Labour Party finds itself once again dependent on the United States for the means to carry out its policies. Once it was hard cash, now it is raw materials. If Mr. Bevan's behaviour has spurred America to come to Mr. Attlee's aid, the Party crisis will have suited the present British policy-makers down to the ground.

LYDDA, Wednesday. Prime Minister Ben Gurion set out for the U.S. aboard an El Al plane this morning after an impressive farewell ceremony here. He will remain in the States for three weeks, and drive there next Thursday.

"This time I leave with regrets," he said prior to boarding the El Al Constellation. "I am sorry that I shall not be here when the nation celebrates Independence Day. But duty comes before festivals, and I have to go."

The Prime Minister's open Oldsmobile drew up on the runway precisely at 9 o'clock. He received a jubilant ovation from a plane load of Iraqi immigrants who had arrived an hour earlier. The "small" convoy, preceded and followed by military police in jeeps and civil police on motorcycles, brought Mr. and Mrs. Ben Gurion, Sgan-Aloof Nehemia Argov, the Prime Minister's aide, and their daughter Rana.

An Army band played Hakiva, and then Mr. Ben Gurion alighted. Accompanied by Foreign Minister Moshe Sharet and Sgan-Aloof Tzipora Yadin, Chief of Staff, he inspected a 132-man guard of honour. As he walked past the platoons, a flight of six fighters circled overhead in formation.

Public Group to Study Shortage of Electricity

The Inter-Ministerial Committee set up by the Cabinet a fortnight ago to study the electricity shortage will appoint a public committee to determine the reasons for the shortage and to recommend methods to overcome it.

Convened under the chairmanship of the Acting Prime Minister, Mr. Moshe Sharet, the Cabinet also heard a report from Mr. David Horowitz, the Government's economic adviser, on his recent trip abroad, and continued its discussion on education problems.

The public committee to investigate the electricity issue will be authorized to clarify the reasons for the shortage and to determine how far the existing organizational set-up of the industry fits the needs of the country.

Furthermore, it will be empowered to propose means to overcome the shortage and to recommend ways of organizing the industry in such a manner as to work more effectively for the public good, as well as to ensure the development of the industry in accordance with the growth of the population and the needs of the economy.

The names of the committee members will shortly be announced.

The Inter-Ministerial Committee will also appoint a special authority to prepare restrictions in the use of power. The cuts will generally affect those areas served by the Palestine Electric Corporation.

Power experts estimated that if no restrictions were made, consumption next June would reach 125,000 kilowatts per hour while the country's consumption at that time would only be 95,000 kilowatts. It was hoped that by August a damaged turbine will have been repaired to increase the capacity figure to 105,000. But uncurtailed consumption by that time would reach 135,000 on weekdays and 145,000 on Fridays.

The P.E.C. hopes that by September a new turbine will bring the country's capacity consumption to 135,000 kilowatts. It is felt that since agricultural requirements will drop by that time, consumption will equal capacity.

Mr. Horowitz declared that the leaders of the bond drive in the U.S. were optimistic about the drive and felt that the drive was not interfering with the United Jewish Appeal.

Shah Signs Bill To Nationalize Persian Oil

TEHRAN, Wednesday (AP).—The Shah has signed the bill to nationalize Iran's oil interests, the government radio announced tonight. The next step is for the Majlis and the Senate to elect five members each of a joint board to carry out the provisions of the bill. They are expected to do this later this week.

This afternoon Dr. Mossadeq called on the Shah to present his new Cabinet, including four ministers who served in the previous government of Hussein Ali. Although Dr. Mossadeq has frequently attacked what he calls Iran's "corrupt ruling class" his 11-man Cabinet is made up of familiar political faces. All but two have served in previous governments.

Senator Bagher Kazemi, who served for two years as Foreign Minister during the reign of the late Shah and has held diplomatic posts in Sweden, Turkey and Iraq, has been chosen as Foreign Minister.

The four ministers from Ala's government are: Interior—General Fazlollah Zahedi; War—General Ali Asghar Naghibi; Finance—Mohammed Ali Vazir; and Agriculture—Hassan Ali.

Others named to the Cabinet were: Health—Dr. Loghman Adham; Posts and Telegraphs—Youssef Moshar; Justice—Ali Heyat; Labour—Amir Teymour Kalaji; National Economy—Reza Bushiri; Education—Karin Sanjabi.

All but Sanjabi and Kalaji have held cabinet posts in the past.

Earlier today, the British and U.S. ambassadors called on Dr. Mossadeq to urge fair and moderate execution of the oil nationalization law.

Britain's Sir Francis Shepherd is reported to have handed the Premier an aide-memoire, couched in "normal" terms, asking for friendly settlement of the oil dispute despite the Government's bill. Later Sir Francis called on the Shah, presumably to ask him to exercise a compromising influence.

The U.S. Ambassador, Mr. Henry F. Gedy, who saw Dr. Mossadeq first, said they had a "friendly discussion" for an hour on the U.S.-Iran oil dispute and economic aid to Iran as well as touching on the oil problem.

Sir Francis talked for one hour with Dr. Mossadeq after the Premier had seen Mr. Gedy, and the British Ambassador informed Dr. Mossadeq of the speech made yesterday in the House of Commons by the British Foreign Minister, Mr. Herbert Morrison.

In London today Foreign Secretary Herbert Morrison said the Iranian Ambassador, Ali Sobhani, for an hour's discussion on the oil question.

The Ambassador called at the Foreign Office at Mr. Morrison's request.

Although he was careful not to challenge Persia's right to a large share in the control, as well as the earnings, of the country's major industry he made it clear that under the present circumstances British cooperation will be limited to the minimum necessary to maintain the physical upkeep of the existing plant. If and when the management committee appointed by the Persian Government appears in Abadan, it will encounter no physical or legal barriers but neither will it find the company prepared to facilitate the disposal of its output.

In plain terms this means that Persia will have to try to sell its oil abroad without tankers or a sales organization of its own. It is thought that the inevitable loss of revenue will soon cause the government of Dr. Mossadeq to enter upon fresh negotiations. The corresponding Persian threat to cut off Abadan's production is not taken seriously here.

West Makes Final Offer To Gromyko

PARIS, Wednesday (Reuter).—The three Western deputies tabled today what observers understood to be their final offer in efforts to reach agreement with Russia on an agenda for a meeting of the Four Foreign Ministers.

In what was regarded as the most important move since the talks started nearly nine weeks ago, the Western deputies presented Russia's Andrei Gromyko with three alternative agendas.

The first Western agenda, which the Western deputies prefer, is a detailed description of the subjects to be discussed, as tabled last Friday, but makes two important new concessions to the Russians.

Firstly, it places the subject of the demilitarization of Germany before the question of armaments as a cause of international tension.

Soviet Wording Accepted. It also accepted the Soviet wording on Trieste, that is to say it agrees to mention "the fulfillment" of the peace treaty with Italy in the part concerning Trieste. At the same time, however, it counters the Soviet insistence on the use of the word "fulfilment" in the Trieste item by likewise speaking of the "fulfilment" of the peace treaties with the Balkan countries, Italy and Germany and Austria.

A second, so-called special agenda would leave it to the Foreign Ministers to decide: 1. If the question of the level of armaments as a major cause of tension should precede discussion of the reduction of armaments. 2. If the question of the reduction of armaments should refer only to the Big Four.

The Western deputies thrice submitted to Mr. Gromyko an ultimatum possibility, so-called skeleton agenda.

This consists simply of five general subjects, and contains only 10 words. It avoids the quarrel over the exact wording of a sentence, but leaves the door open for a similar wrangle when the four Foreign Ministers meet.

None of the three Western proposals mention the North Atlantic Treaty or U.S. bases abroad which Mr. Gromyko has repeatedly insisted must be included.

The official announcement is not expected immediately because the military experts of the three countries must estimate what sort of arms and how much can be made available after the needs of Korea, the North Atlantic Pact members, Greece, Turkey, the Philippines, Indo-China and other countries have been considered, he added.

Yugoslavs Get Arms In Principle. WASHINGTON, Wednesday (UP).—The U.S. State Department has agreed in principle to Yugoslavia's request for arms aid, a diplomatic official said here yesterday.

The official announcement is not expected immediately because the military experts of the three countries must estimate what sort of arms and how much can be made available after the needs of Korea, the North Atlantic Pact members, Greece, Turkey, the Philippines, Indo-China and other countries have been considered, he added.

paying its civil servants—could hold out without the royalties it obtains from the company. It is however feared that by the time Teheran is willing to negotiate a settlement, considerable damage will have been done both to Persia's finances and to Anglo-Iranian relations. Partly for this reason Whitehall is anxious not to exacerbate matters by delivering an open challenge to the Nationalist regime in Teheran. Tory requests for "strong measures"—meaning the dispatch of warships and the occupation of Abadan—will go unheeded, it only because Russia and the Tudah Party would be the beneficiaries if the Mossadeq government were forced out by open pressure.

Fundamentally Whitehall still believes that a compromise giving Persia a share in the management of its oil resources can be negotiated after both sides have tested their strength. It is anticipated that any such settlement will have to look like a victory for Persian nationalism and the company is now blaming for its inability to gauge the strength of popular feeling, but there is no panic and no intention of selling out. Any funds enabling Persia to purchase Abadan outright would have to come from America and there is now little fear of that.

The Egyptian situation is regarded as more serious. There is now a strong feeling in London that the Egyptian government is not to be trusted. It is thought that the Egyptian government will have to be replaced by a more reliable one. The Egyptian situation is regarded as more serious. There is now a strong feeling in London that the Egyptian government is not to be trusted. It is thought that the Egyptian government will have to be replaced by a more reliable one.

U.S. Secretary General Trygve Lie and Foreign Secretary Herbert Morrison in London have been asked to make a statement on the Egyptian situation. The statement is expected to be made in the near future.

Eban Asks Council To Take Action

LAKE SUCCESS, Wednesday (Reuter).—Israel today informed the U.N. Security Council that Syrian forces had invaded Israeli territory today, and that fighting was in progress. Charging that the Syrian forces were guilty of aggression, Mr. Eban urged the U.N. to lose no time in "reacting to these grave events" and order the Syrian forces out of the demilitarized zone.

The Syrian representative, Fares el Khouri, said he had no inkling of the information given by Mr. Eban, and asked the Council to get information from the U.N. observers on the spot.

The Council then reverted to questions and answers directed to General Riley, U.N. Chief of Staff, which constituted the formal business of the meeting.

Mr. Eban asked General Riley which paragraph of the Armistice Agreement forbids the draining of the Huleh, to which General Riley replied that he was unable to answer the question in that form. The General admitted, however, that the draining of the Huleh was in violation of the Armistice Agreement.

General Riley was also questioned by the U.S. delegate, Mr. Warren Austin, Britain's Sir Gladwyn Jebb, and the delegates of France and Ecuador.

Shortly before the Council adjourned, Mr. Eban sought to have today's clash placed as the first item on the next meeting's agenda, but the Chairman replied that the order of the items would have to be decided by the members themselves.

The Council then adjourned till Tuesday.

Haifa Takes Over Water Supply. HAIFA, Wednesday. The Haifa Municipal Council this evening unanimously agreed to bring all the town's water supplies under Municipal control. The Mayor, Mr. A. Huski, recorded the recent failure of supply to the upper Hadar Haacmel area, whose residents remained without a drop of water during a khamin for over 24 hours, and pressed for urgent action.

There were no storage reservoirs from which the town could be supplied in an emergency. The Mayor announced a reconstruction programme to relieve the shortage. Another need, Mr. Huski said, was to interconnect all the presently separate water supply networks so that the various

sources of supply could help each other out during a breakdown in one district. Haifa Municipality was fortunate in having bought in time, with American loan money, pipes and pumping equipment which was today unavailable, he said. With the completion of a large supply line from Wadi Fakh, the town would derive 40 per cent of its water needs from that new source, and the share of the Jalameh-Yagur wells would drop substantially. The adequate supply of water during this summer was ensured, the Mayor, told the Council.

Private owners would be compensated. In the case of public ownership, compensation would take the form of "social indemnities" by erecting community buildings benefiting the district which had financed the development of the network. Hadar Haacmel is to receive a library, a cultural centre, a stadium and its surroundings are to be landscaped. Mr. Huski's botanical and zoological gardens are to be developed on an area of 500 dunams and parkways are to be constructed.

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The Huleh area, in the central demilitarized zone, through which the Syrian forces crossed into Israeli territory yesterday, is just northwest of the point where the Jordan enters Lake Huleh.

Israel-Jordan M.A.C. Meet Today

An official meeting of the Israel-Jordan M.A.C. is to be held today at Mandelbaum Gate in Jerusalem. The final agenda of this meeting is not yet known as it was to have been settled at an informal meeting yesterday. Israel sources said.

Yesterday's meeting, however, was cancelled at the request of the Jordan delegation, following the death of one of the relatives of Ahmed Bey Khalil, Jordan's chief delegate.

Meanwhile, the transfer was begun yesterday of a huge electric transformer situated in no-man's-land near Jaffa Gate. The transformer will be brought to Israel territory. Employees of the Jerusalem Electric Company hope to complete the transfer today.

Currency Constant

TEL AVIV, Wednesday. There was no change in the amount of currency in circulation at the close of business today for the second week running. The total remained constant at IL3,467,738,500. Details of the cover also remained constant.

This week's currency statement was the first to be issued by the Issue Department of the Bank Leumi Le-Israel, B.M.

Boy Survives 15-Storey Fall

NEW YORK, Wednesday (UP).—A two and a half year-old boy fell 15 storeys from an apartment house here yesterday into a flower bed and survived the 120-foot fall with a broken leg and collar-bone.

The boy, Tommy Paiva, was reported to be in a critical condition in Bellevue hospital but nurses said he was crying lustily and was very much alive.

EGYPTIAN C-IN-C REINSTATED

CAIRO, Wednesday (UP).—Field Marshal Mohammed Helwan Pasha resumed his post as Commander-in-Chief of the Egyptian armed forces yesterday, after being reappointed by royal decree.

Helwan Pasha resigned from his post as C-in-C in October 1950 after his name had been mentioned in connection with the Palestine War arms scandal.

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